
Business Strategy and Communications Two Cases

SMART & NBC

Towers Perrin & Workforce 2000

Purpose: demonstrate strategic use of stakeholder-based communications

- Agenda
 - » Communications in business strategy
 - » Defending a threat: TV and radio alcohol advertising
 - » Exploiting an opportunity: Workforce 2000 and Towers Perrin

Communications role in strategy is managing stakeholder relations

- Business strategy

- » Well-reasoned plan to succeed (make money!)
- » Management decisions that define firm's direction and purpose
 - identify and thwart threats
 - exploit opportunities

- Communications role

- » Manage relationships with critical publics to advance firm's strategic interests
 - counsel line and other staff
 - collaborate with line to manage market relations
 - product
 - capital
 - human resource
 - manage relations with non-market publics
 - media
 - community
 - activists

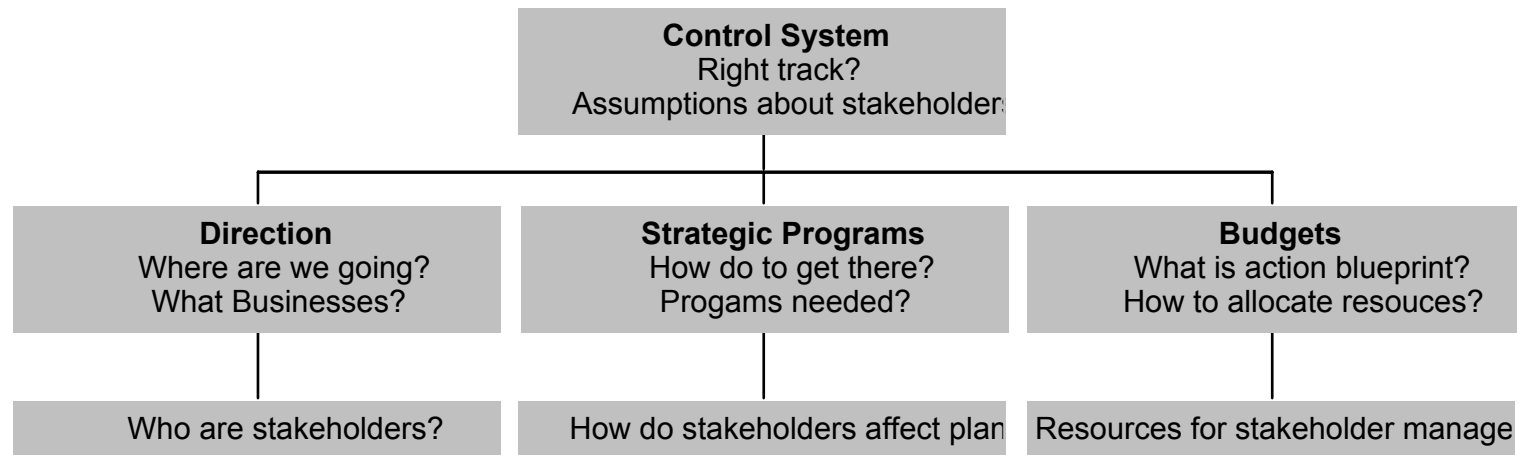
“Publics” -- or stakeholders -- are groups affected by or who affect the organization

- Organizations create their stakeholders/publics
 - » Sometimes deliberately
 - » Sometimes inadvertently
 - » Defined by specific issues and behaviors
- Can range from latent, to aware to active
 - » Depends on:
 - issue recognition
 - issue involvement
 - sense of constraint
 - (See Grunig, *Managing and Excellence*)

Stakeholders are a strategic concern because they constrain success

Strategic Planning Process

(from Freeman *Strategic Management*)



Stakeholders can be categorized by degree of threat or cooperative potential

- Focus is on future possibilities
 - » Cooperative Potential (CP)
 - potential to help the organization in future
 - often greatest from stakeholders that are hurting organization at present
 - opponents can potentially help us most
 - » Competitive Threat (CT)
 - potential to harm organization
 - often greatest from stakeholders that are helping organization at present
 - friends can potentially hurt us most

There are four general stakeholder categories on this basis

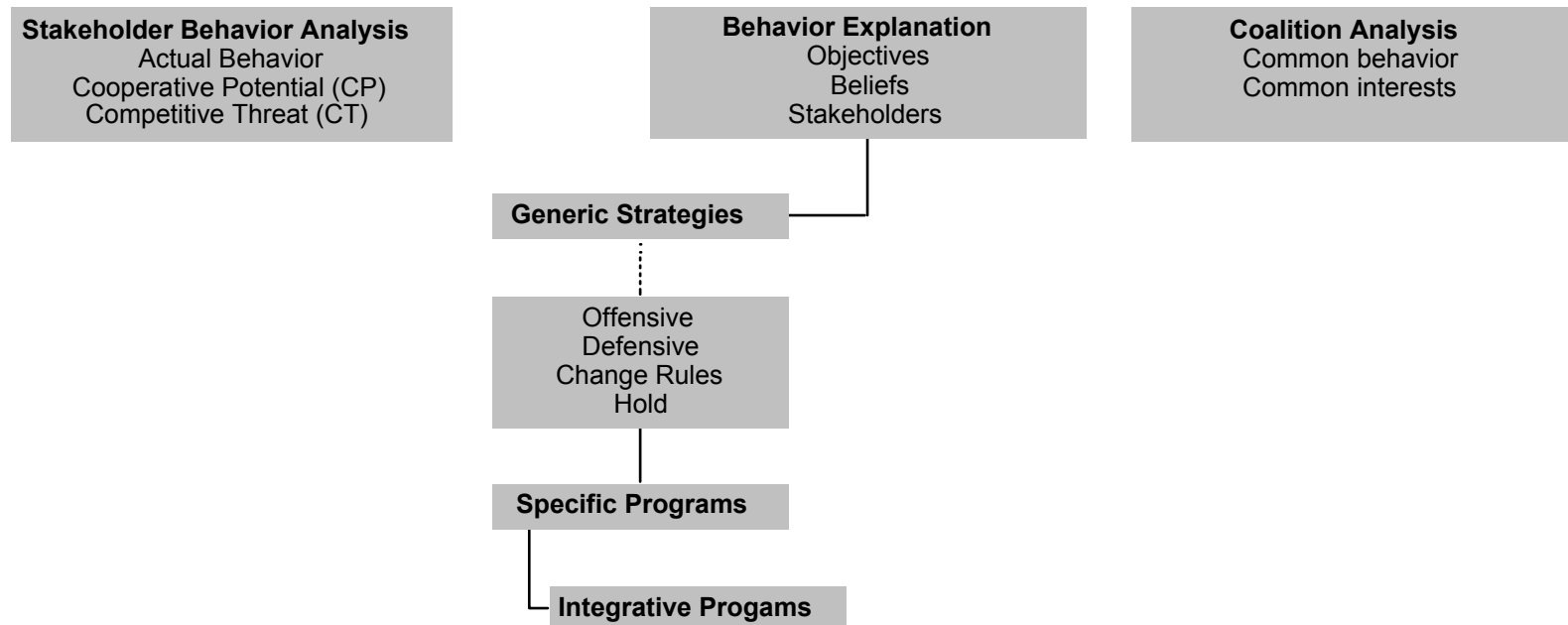
Hi	SWING "Change the Rules"	OFFENSIVE "Exploit"
Relative Cooperative Potential	DEFENSIVE "Defend"	HOLD "Maintain"
Lo	Hi	Lo

Relative
Competitive
Threat

(from Freeman)

Goal: implement appropriate strategies to manage stakeholder relationships

Stakeholder Strategy Formation (from Freeman)



The general strategies are tailored for each type of stakeholder

- Swing Stakeholders
 - » “Change the Rules”
 - formal rules change
 - change forum
 - change kinds of decisions
 - coalesce beliefs
- Defensive Stakeholders
 - » “Defend Programs”
 - reinforce current beliefs
 - maintain programs
 - link to other favorite issues
- Offensive Stakeholders
 - » “Offensive/Exploit Programs”
 - change beliefs
 - do something different
 - adopt stakeholder position
 - link to a favorite program or interest
- Hold Stakeholders
 - » “Hold/Maintenance Programs”
 - do nothing new
 - monitor current programs
 - maintain belief

Goals of these strategies can be achieved through communication effects

- Change or reinforce belief about organization
 - » “awareness”
 - » understanding
 - » agreement
 - » favorable evaluation
- Change or reinforce behavior
 - » evaluation
 - » trial
 - » adoption
 - » confirmation

Two cases that follow illustrate these principles in practice

- Broadcasting and the ad ban issue
- Repositioning Towers Perrin through Workforce 2000 issues campaign

Defending a Threat: The Ad Ban Issue

In the mid-1980s broadcasters faced a stakeholder threat to their business

- Strategic business issue:
 - » Retain an already eroding advertiser base
- Strategic threat:
 - » Movement led by Center for Science in Public Interest to ban beer and wine advertising
 - 5% of network TV advertising
 - 5.5% of spot advertising
 - 12.5% of all radio
 - » Movement gathered coalition of parent, church, public interest and drug abuse organizations
 - » Ban viewed as a realistic possibility

Broadcasters, led by NBC, developed a stakeholder-based strategic response

- Identified three broad stakeholder groups
 - » Defensive
 - members of industry and related organizations with same economic interests
 - » Offensive
 - special interest groups who were already part of CSPI coalition or shared its interests and goals
 - » Swing
 - special interests and government organizations not yet committed to either position

Broadcasters redefined issue and their usual position

- Redefined issue
 - » From “ban the ads” to...
 - » “Stop abuse among young people”
- Redefined own position
 - » From “defend right to advertise” to...
 - » “Make industry part of solution not part of problem”

Broadcasters created strategic programs appropriate to each kind of stakeholder

- Defensive
 - » Encouraged “responsible” programming and community activity
 - » Created credible resource issue guide for the industry
- Offensive
 - » Used power of television for “good” as this group defined “good”
 - » Revised broadcast standards
 - » Admitted errors
- Swing
 - » Changed forum and decisions by creating National Partnership to Prevent Abuse Among Youth
 - Under aegis of Juvenile Justice Department
 - Included all stakeholders
 - CSPI
 - PTA
 - Brewers
 - Wine Institute
 - NCA
 - Used collaborative process

Strategy was successful

- Ban movement died
 - » Members too involved in work *with* the broadcasters and their associates
- Industry praised by President and Congress for its responsibility
- Improved relationships with special interest group stakeholders

Exploiting an Opportunity: Workforce 2000 and Towers Perrin

In early 1990s Towers Perrin needed to change its positioning in minds of clients

- Saw competitive advantage in being viewed as “value adding,” comprehensive management consulting firm
 - » Had been known as “darn good and utterly reliable” actuarial and benefits consulting firm
- Wanted to be seen as bringing new understanding to critical human resource business issues

Saw opportunity to take this position through exploiting Workforce 2000 issue

- Basic strategy was “offensive”
 - » Change beliefs by changing own actions
 - » Do something different
- Success would mean...
 - » Towers Perrin “owning” the issue then identified with Hudson Institute
 - » Towers Perrin being the consulting company the nation had to listen to

Strategy was executed with an integrated communications program

- Survey of corporate “best practices” to deal with workforce change
 - » defined “change” in WF2000 terms
- National seminars at Georgetown and Vanderbilt business schools on WF2000 as a policy issue
- Concentrated media relations campaign
 - » USA Today
 - » NY Times
 - » Washington Post
 - » Network news

Capstone was Towers Perrin “doing something different”

- Collaborating with Senate Taskforce on Workplace Readiness for special hearing
 - » “We are here today to listen to Towers Perrin” -- Senator Mikulski
- Testimony by Towers Perrin CEO
 - » included policy “call to action”

Strategy achieved its objectives

- Owned issue
 - » 29% unaided association of Towers Perrin with WF2000
 - next leading association <1% (for Hudson Institute)
- Client spontaneous feedback
 - » “You the only firm who can deal with this kind of big issue”
- New business
 - » \$1 MM+ engagement with IBM a direct result

Conclusion

- Communications can make strategic contribution to the business
- Enabled by stakeholder communications framework
 - » Who are stakeholders?
 - » What threat or cooperative potential do they represent?
 - » What kind of communication and relationship programs will minimize threat and maximize cooperation?